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## Poland

**Post:** Warsaw

### Livestock and Products Report.

**Report Categories:**

Livestock and Products

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**Report Highlights:**

Swine inventories are expected to decrease by 6 percent in 2016 due to the low level of farm-gate prices caused by continuing outbreaks of African Swine Fever (ASF) in northeastern Poland and the Russian export ban imposed in 2014. Swine inventories are expected to continue to decline later in 2016 and in 2017. Production of pork in 2016 is expected to decrease by 3 percent as a result of these lower inventories. However, growing imports of piglets from Denmark, Germany and the Netherlands are expected to partly offset reduced domestic production of piglets. Cattle inventories are expected to stabilize in 2016 and 2017 because reduction of the dairy herd will be offset by growing beef cattle numbers. Production of beef is expected to increase by 8 percent in 2016 due to higher slaughter of dairy cows.

## **General Information:**

### **Swine**

#### **Production**

In December 2015 inventories of swine amounted to 10.6 million head, a 6 percent decrease in comparison to the same period of the previous year. Inventories of sows in December 2015 were estimated at 800,000 head, over a 16 percent drop in comparison to the previous year's figure. In the first half of 2016 Polish swine inventories continued to decrease because of the low level of farm-gate prices. In December 2016 swine inventories are expected to amount to 10 million head, 6 percent down when compared to December 2015. In June 2016 sow inventories were 14 percent lower than a year ago, which indicates that the pace of swine inventories decrease may even accelerate in the second half of the year. The outbreak of African Swine Fever (ASF) in northeastern Poland in early 2014 that brought export restrictions from several pork importers, and the Russian ban on imports of agricultural products (including pork) introduced in August 2014, had detrimental effects on the decrease of swine inventories during the first half of 2016. In addition, the inefficient structure of the industry as well as continuing strong competition from Danish and German suppliers of pork and piglets inhibits recovery of the Polish swine industry. It is estimated that in 2017 swine inventories will continue to decrease, however, the rate of decrease is expected to decrease because of the recovery of farm-gate prices for swine which started in the second half of 2016.

#### **Consumption**

It is estimated that despite the drop of sow inventories, slaughter of swine in 2016 will be only 2 percent lower than a year ago because of growing piglet imports from Denmark and Germany. The average slaughter weight of swine in 2015 was 6 percent higher than in 2014 because of delays in procurement in the areas affected by ASF and fluctuations of farm-gate prices for swine. It is expected that slaughter weight in 2016 will remain at the same level as in 2015. It is estimated that on-farm slaughter in 2016 will remain at the level of 11 percent of total slaughter. Slaughter of hogs in 2017 is forecast to decline by additional one percent in comparison to 2016 because imports of piglets will not offset reduction of domestic production.

The average farm-gate price of swine in October of 2016 amounted to PLN 5.29 (U.S. \$1.32) and was 14 percent higher than in October 2015. An increase of prices for swine in the second half of 2016 stems reduced domestic production.

#### **Trade**

Reduction of swine inventories accompanied by continuing demand for pork stimulated further increase of imports of piglets. In 2015 Poland imported 5.7 million of piglets worth U.S. \$355 million. In the first seven months of 2016 imports of piglets amounted to 3.5 million head, 3 percent less than in the same period of the previous year. Denmark is the major supplier of the piglets to Poland (70 percent)

followed by Germany and the Netherlands. It is forecast that the high level of piglet imports will continue through the end of 2016 and into 2017.

## Policy

The outbreak of African Swine Fever (ASF) in 2014 had a detrimental effect on Polish swine production. As of November 1, 2016, there were 23 outbreaks of ASF in swine population and 113 cases in wild boars in Poland. Initially the outbreaks were mostly in the wild boar population but since the beginning of August 2016 the Polish Veterinary Services every few days informs about new outbreaks of ASF in the swine population. Since August 2016 outbreaks started to occur in farms located in four more districts in Podlaskie province, west of the initially affected districts. In addition, the disease has also been confirmed in Lubelskie Province, next to Belarus. The majority of outbreaks occurred in the provinces bordering Belarus, Ukraine and Lithuania. Although the disease is confined to the region of northeastern Poland it has had a strong impact on the entire meat industry because of export restrictions imposed by several countries.

## Pork

### Production

It is estimated that pork output in 2015 amounted to 1.89 million MT and was 5 percent higher than in 2014. Higher pork production resulted from an increased slaughter and higher slaughter weight caused by ASF related delays in delivering hogs for slaughter. The average slaughter weight of swine in 2015 was 6 percent higher than in 2014. Production of pork is expected to decrease by one percent in 2016 and 2017 because of reduced slaughter.

### Consumption

In 2015 domestic annual per capita consumption of pork amounted to 41.4 kilograms and was 6 percent higher than in 2014. It is expected that in 2016 pork consumption will decline by one percent as a result of lower slaughter and growing substitution by poultry meat. Pork (meat and pork products) consists over 50 percent of total meat consumption in Poland. Preferences of Polish consumers towards pork stimulate imports and force the government to introduce measures to help the pork industry to recover.

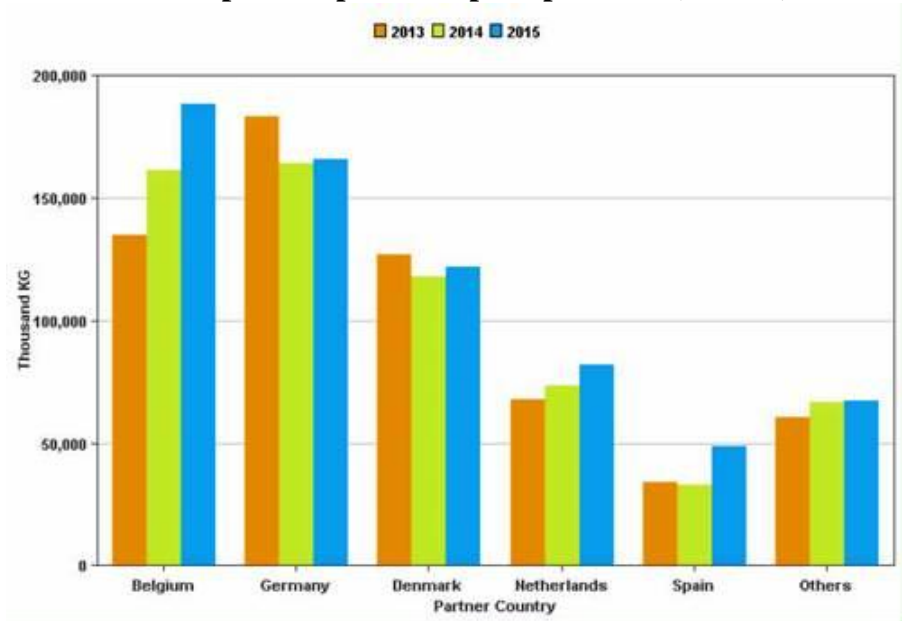
### Trade

Poland remains a net importer of pork. In 2015 overall Polish exports of pork increased by 5 percent because of higher exports within the European Union which partly offset reduction of shipments caused by the Russian export ban and ASF related restrictions.

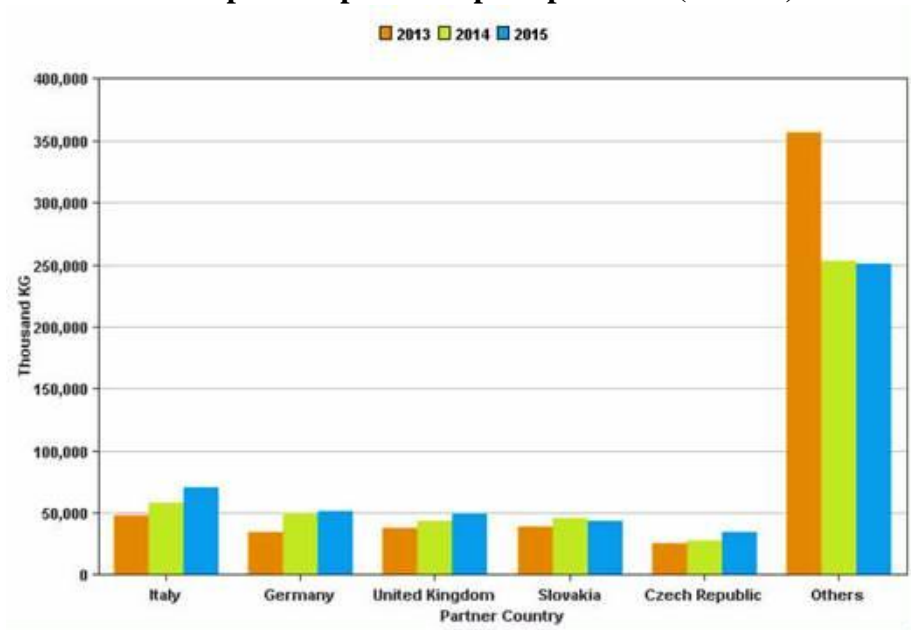
In 2015 Poland exported 489,967 MT of pork and pork products worth U.S. \$1.1 billion mainly to Italy, Germany and the United Kingdom. Major markets outside of the EU for Polish pork were Hong Kong and the United States. In 2015 Poland exported 32,897 MT of pork and pork products to the U.S., 20 percent more than in 2014. In 2015 Poland imported 674,369 MT of pork mainly from Belgium,

Germany and Denmark. In the first seven months of 2016 exports of pork and pork products increased by 4 percent while imports decreased by 9 percent in comparison to the same period of the previous year.

**Imports of pork and pork products (000MT)**



**Exports of pork and pork products (000MT)**



Policy

In response to the difficult situation of farmers in regions affected by the ASF outbreak, as of September

5, 2016, Poland introduced a new law which permitted purchase of swine in the restricted zone (blue zone) established by the Veterinary Service around the ASF outbreak sites and for this meat from swine purchased in blue zones to be processed into heat treated canned meat products which will be sold to public institutions. The government assumed that the new legislation will facilitate procurement of an estimated 100,000 swine which were ready for slaughter. However, in mid-November 2016 meat plants, which started to purchase swine from the restricted zones, stopped their purchases because their available storage was already filled with canned meat products. The increase of stocks arose from the lack of interest of public institutions (hospitals, prisons etc.) in buying canned meat produced from meat originating in ASF restricted zones. As a result of the failure of state intervention on the pork market, farmers started to protest on the streets demanding the government introduce effective measures to resolve the difficult situation caused by the ASF outbreak.

## **Cattle**

### **Production**

In December 2015 cattle inventories amounted to 5.762 million head and were 2 percent higher than a year ago. Low level of milk prices in 2015 resulted in a second year in a row increase of slaughter of dairy cows. However, the reduction of dairy herd was offset by growing inventories of beef cattle. In December 2015 inventories of dairy cattle amounted to 2.134 million head and were 5 percent lower than in December 2014. Inventories of cattle continued to grow mainly due to production of calves for export which offset a decreasing trend in dairy cow numbers. In Poland 80 percent of fattening cattle is exported on-hoof. Cattle inventories are expected to stabilize in 2016 and 2017 because of decrease of prices for calves destined for export. In the first half of 2016 average price for young cattle in Poland amounted to 370 Euro per 100 kilograms (carcass weight) and was 4.2 percent lower than in the first six months of 2015.

### **Consumption**

Slaughter of cattle in 2015 was 6 percent higher than a year ago because of higher inventories, culling of dairy cows and growing imports of calves from the Baltic Countries and Slovakia. It is expected that slaughter of cattle will also increase in 2016 by 8 percent mainly due to a higher culling rate of dairy cows. It is estimated that on-farm slaughter in 2016 will be at the level of 5 percent of total slaughter. Slaughter of cattle in 2017 is forecast to remain at the same level in comparison to 2016. The average farm-gate price of cattle in 2015 amounted to PLN 6.08 (US\$1.51) and was 4 percent higher than in 2015.

### **Trade**

In 2015 Poland exported 128,966 head of cattle mainly to Italy and the Netherlands within the EU and Bosnia and Herzegovina outside of the EU. Cattle exports were 15 percent lower than the previous year because of reduced EU prices. It is expected that exports of cattle in 2016 will significantly increase in comparison to 2015 due to strong demand from Czech Republic. In the first seven months of 2016 Poland already exported 236,456 head of young cattle, out of which 76 percent went to the Czech Republic. In 2015 imports of cattle younger than 12 months grew by 15 percent and amounted to

120,829 head. Major suppliers of cattle in 2015 were Lithuania and Slovakia. Farmers are interested in buying fattening cattle because under the EU CAP they receive additional payments for herds up to 30 head of cattle.

## Beef

### Production

It is estimated that beef production in 2015 amounted to 490,000 MT and was 7 percent higher than in 2014. Higher beef output stemmed from an increased slaughter, higher slaughter weight, as well as continuing export demand. Production of beef is expected to increase by another 8 percent in 2016 because of continuing increased slaughter of dairy cows. It is forecast that in 2017 the dairy market situation will improve resulting in reduced slaughter of dairy cows and more stable production of beef.

### Consumption

In 2015 average annual beef consumption amounted to 1.2 kilogram per capita, down from 1.6 kilograms per capita in 2014. Domestic consumption of beef in Poland remains at a very low level due to high prices and the lack of the tradition of eating beef in Poland. Polish consumers often substitute beef with cheaper (and considered healthier) poultry meat.

### Trade

Poland is a net exporter of beef. In 2015 Poland imported 12,522 MT of beef mainly from Italy, Ireland and Czech Republic. Beef imported from other EU member states is mainly used for processing. Imports of high quality beef are limited because of high prices and the lack of a tradition of eating beef as steaks. In 2015 imports of U.S. beef amounted to 8 MT worth U.S. \$ 209,000, a 54 percent increase from 2014. In the first seven months of 2016 imports of U.S. high quality beef increased by another 2 percent.

In 2015 exports of beef amounted to 365,923 MT and were 20 percent higher than in 2014. Italy, Germany, the Netherlands, Spain and France are major importers of Polish beef within the EU, while Bosnia and Herzegovina is the major buyer outside the EU. In the first seven months of 2016 beef exports decreased by 7 percent mainly due to lower sales within the EU. However, exports of beef to Israel partly offset the reduction of exports within the EU.

Imports of Fresh, Chilled and Frozen Beef								
Partner Country	Unit	Quantity			% Share			% Change 2015/2014
		2013	2014	2015	2013	2014	2015	
World	MT	11,829	14,543	21,813	100	100	100	50
Italy	MT	17	276	3,535	0	2	16	1,180
Germany	MT	1,352	3,747	3,326	11	26	15	- 11

Slovakia	MT	1,525	1,816	2,988	12	12	14	65
Lithuania	MT	1,264	1,135	2,539	11	8	12	124
Ireland	MT	2,152	2,920	2,119	18	20	10	- 27
Argentina	MT	38	41	24	0	0	0	- 43
Brazil	MT	10	10	9	0	0	0	- 14
<b>United States</b>	<b>MT</b>	<b>15</b>	<b>5</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54</b>
Australia	MT	2	2	5	0	0	0	178
New Zealand	MT	11	9	4	0	0	0	- 56
Uruguay	MT	5	4	3	0	0	0	- 41

Value of Imports of Fresh, Chilled and Frozen Beef							
Partner Country	Thousands United States Dollars			Unit Value (United States Dollars)			% Change 2015/2014
	2013	2014	2015	2013	2014	2015	
World	53,016	57,908	64,783	4.48	3.98	2.97	12
Germany	5,895	13,299	9,928	4.36	3.55	2.99	- 25
Ireland	12,120	14,228	9,049	5.63	4.87	4.27	- 36
Italy	66	781	8,709	3.84	2.83	2.46	1,015
Lithuania	4,230	3,107	6,879	3.35	2.74	2.71	121
Argentina	501	777	500	13.11	18.9	21.24	- 36
<b>United States</b>	<b>284</b>	<b>176</b>	<b>209</b>	<b>18.69</b>	<b>33.09</b>	<b>25.51</b>	<b>19</b>
Brazil	149	221	188	15.62	21.47	21.32	- 15
Australia	63	49	103	29.05	29.41	22.34	111
New Zealand	195	216	57	16.99	23.2	13.78	- 74
Uruguay	73	82	44	15.73	19.18	17.42	- 46

**End of Report.**